

Message Text

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ACTION NEA-10

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PASS USDA

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E.O. 11652: N/A

TAGS: EAID EAGR BG US

SUBJECT: 1978 PL-480 TITLE I AGREEMENT--BANGLADESH COTTON PURCHASES

REFS: A. DACCA 1646, B. STATE 061151, C. DACCA 1649,

D. DACCA 1706

1. IN RESPONSE TO USAID DIRECTOR'S LETTER OF MARCH 16, 1978 TO BDG (REF A) REQUESTING CLARIFICATION OF APPARENT DIS-CREPANCY BETWEEN PURCHASE OF PAKISTANI COTTON AND THE BDG'S UNDERTAKINGS IN THE JANUARY TITLE I AGREEMENT CONCERNING COTTON PROCUREMENT, WE HAVE RECEIVED THE FOLLOWING LETTER DATED APRIL 13, 1978 FROM MR. L. MAJID, JOINT SECRETARY, MINISTRY OF PLANNING:

BEGIN TEXT" KINDLY REFER TO YOUR LETTER DATED MARCH 16, 1978 SEEKING CLARIFICATIONS ON VARIOUS ISSUES INCLUDING PROCUREMENT OF COTTON UNDER PL-480 TITLE I FY 1978. I AM NOW WRITING THIS TO INFORM YOU THAT THE EXCLUSIVE PURCHASE OF COTTON FROM PAKISTAN WITH FREE FOREIGN EXCHANGE AROSE FROM OUR REQUIREMENT OF COTTON OF 7/8" AND 15/16" IN STAPLE LENGTH. IT APPEARED FROM THE INFORMATION MADE
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AVAILABLE TO US THAT COTTON OF 7/8" STAPLE LENGTH WAS NOT AVAILABLE FROM THE US SOURCES. SECONDLY, THE INTENTION OF THE AGREED MINUTES WAS UNDERSTOOD HERE TO REQUIRE THAT US BIDDERS WERE TO BE GIVEN EQUAL OPPORTUNITY IN RESPECT OF PURCHASE OF 85,000 BLES OF COTTON. SINCE OCTOBER 1977 TILL NOW 61,000 BALES OF COTTON HAVE BEEN PURCHASED AND MORE THAN 24,000 BALES SHALL BE PRUCHASED

UPTO SEPTEMBER, 1978. IN THESE PURCHASES US BIDDERS HAVE BEEN AND WILL BE PROVIDED EQUAL OPPORTUNITY. IN THAT SENSE THE REQUIREMENT OF THE AGREED MINUTES CAN BE TAKEN TO HAVE BEEN FULFILLED. END TEXT.

2. THIS LETTER CONFIRMS INFORMATION EMBASSY RECEIVED FROM BANGLADESH TEXTILE MILLS CORPORATION (REF D) THAT BTMC EXPECTS TO PRUCHASE ROUGHLY 85,000 BLES OF COTTON FROM U.S. IN U.S. FY 1978 IN THE NORMAL COURSE OF PROCUREMENT UNDER IDA CREDITS. AS NOTED IN REF (D) PARA 4, BTMC INFORMED US THAT, OF THE 61,000 BALES WHICH THE ABOVE LETTER REPORTS HAVE ALREADY BEEN PURCHASED, ONLY 50,000 BALES WERE IN FACT U.S. COTTON. THE ADDITIONAL 10,000 BALES WERE PAKISTANI COTTON PURCHASED FROM THE U.S. COMPANY HOHENBURG BROS. (NOTE: THIS PAKISTANI COTTON IN ADDITION TO THE 28,000 BALES WHICH BTMC PURCHASED FROM PAKISTAN UNDER THE AGREEMENT REPORTED IN REF (C), AND THE 22,000 ADDITIONAL BALES IT HOPES TO PROCURE FROM PAKISTAN PURSUANT TO THIS AGREEMENT.)

3. AS EMBASSY.S REF (D) REPORTED, IN ADDITION TO 51,000 BALES OF 7.S. COTTON ACTUALLY PURCHASED THUS FAR AND APPROXIMATELY 20,000-24,000 BALES WHICH BTMC ADVISES IT PLANS TO PURCHASE BEFORE SEPTEMBER, BTMC ALSO INFORMED US IT WILL PURCHASE A SUBSTANTIAL ADDITIONAL QUANTITY OF COTTON BETWEEN JULY AND DECEMBER 1978 UNDER IDA-FINANCED LIMITED OFFICIAL USE

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INTERNATIONAL TENDERS AND THAT JUDGING FROM PAST EXPERIENCE, THERE IS A 90 PERCENT CHANCE THAT U.S. SUPPLIERS WILL WIN THESE SALES.

4. ACTION REQUESTED. IN LIGHT OF BDG'S EXPECTATION THAT IT WILL PURCHASE ROUGHLY 85,000 BALES OF 7.S. COTTON IN U.S. FY 1978 -- THE EQUIVALENT OF WHAT WOULD HAVE BEEN REQUIRED IF THE ORIGINAL PROPOSED TIED UMR HAD REMAINED IN THE TITLE I AGREEMENT--MISSION RECOMMENDS THAT USDAO ISSUE THE PURCHASE AUTHORIZATION FROM THE 35,000 BALES OF COTTON UNDER THE JANUARY 13, 1978 AGREEMENT.
SCHNEIDER

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